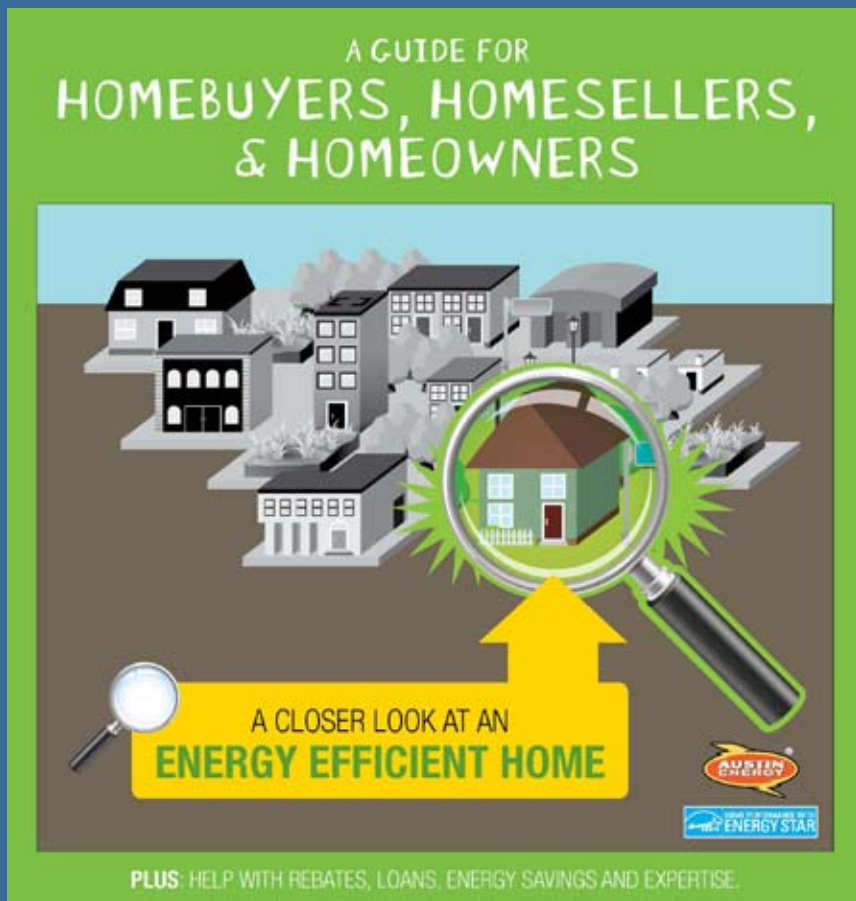


# HOME PERFORMANCE WITH ENERGY STAR®

## PARTNER OF THE YEAR 2011



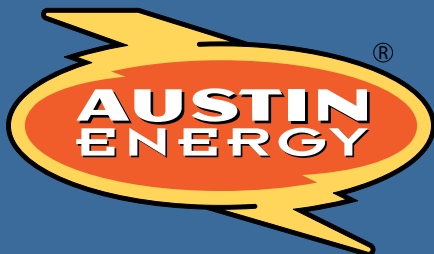
AWARD SUBMISSION FOR  
PARTNER OF THE YEAR 2011  
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AUSTIN ENERGY  
AUSTIN, TEXAS

NOVEMBER 19, 2010

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# **ENERGY STAR® PARTNER OF THE YEAR PROGRAM DELIVERY 2010 SUBMISSION for 2011 AWARD**

## **HOME PERFORMANCE WITH ENERGY STAR® AT AUSTIN ENERGY - AN EXISTING PROGRAM**

Still climbing out of the economic recession in 2010, Austin homeowners continued to invest in energy efficiency as the Home Performance with ENERGY STAR program at Austin Energy surpassed all other years by all criteria. Since the program's inception 1982, Austin has not seen the interest in total home efficiency that it has achieved in the past several years. Interestingly enough, with limited rebate money available in 2010, marketing was scaled back severely just after March, when the campaign promoting stimulus money for appliance rebates drew to a close. Participation continued throughout the winter and spring at record high levels even though the primary motivator for efficiency work in Texas – the air conditioner – was not needed. As an indicator of the strength of efficiency demand, Austin Energy saw a dramatic shift toward more efficient air conditioners – from 58 percent last year to 79 percent of the replacements this year under this program were 16 SEER or higher. With strong demand for the program, rebate amounts were scaled back in June reduced from covering an average of 22 percent of net cost to 15 percent with no appreciable drop in participation. That's because Austin Energy has achieved a climate where efficiency improvements are the accepted norm, where Austin Energy is the "go to" expert, and everyone – residents and HVAC contractors alike – want to be a part, and do their part, in what is happening. Austin Energy is riding the wave of demand, serving twice as many homes as it did only three years ago.

### **BACKGROUND**

Austin Energy is the City of Austin's electric utility, governed by the Austin City Council, under a City Manager form of administration. Through Austin Energy, the City of Austin owns and operates, solely or in part, its own electric generation, transmission and distribution systems. Austin Energy delivers power to a service territory of 421 square miles, and more than 330,000 households.

In 1982, as the United States experienced the effects of an energy crisis, the Austin City Council passed a resolution to promote energy conservation with these objectives: 1) to lower customer energy costs; 2) to reduce the use of fossil fuels in power generation; and, 3) to improve environmental quality in a rapidly growing community. Since then, Austin's energy conservation and demand-side management programs strategies have been successful in reducing the use of fossil fuels and offsetting new electric load growth projections through a concept called "conservation power plant". This clean energy strategy first seeks renewable energy and conservation solutions to meet customers' new energy needs before resorting to traditional fossil fuel sources. Austin Energy has implemented strong demand side management programs in the face of a decade of Austin's doubling population. Through a partnership agreement with the United States Department of Energy (DOE) and Environmental Protection Agency (EPA), Austin Energy expanded its energy conservation products and services portfolio to include the promotion of the ENERGY STAR® labeled products and services in 2001. In 2004, Austin Energy began using the name "Home Performance with ENERGY STAR" formally, to describe the total home efficiency work done on existing residential homes.

### **PROGRAM OBJECTIVES**

Austin Energy's Home Performance with ENERGY STAR® program addresses goals set forth in Austin's Strategic Plan, which sets annual goals for existing homes. Austin is in its seventh year of the plan, which requires an increase of megawatt energy-efficiency and conservation savings goals of an additional 15 percent from the 2003 baseline, and an additional 800 megawatts of peak demand savings by the year 2020. The goals specifically include: 1) increased annual participation goals; and 2) increased

megawatt savings goals. Underlying support for the goals requires maintaining and expanding relationships with area HVAC contractors, expanding the promotion of a comprehensive “whole house” package of energy improvements for residential homes (including all of the key weatherization improvements and replacement of the HVAC systems) as well as advocating, teaching and maintaining high quality standards in efficiency that establish a reputation of best practice for the Austin community.

In 2010, detailed goals for the Home Performance with ENERGY STAR program included a participation goal of 2,344 homes in the rebate program and 211 in the loan program, for a total of 2555 homes (355 more than in 2009) and 4.2 megawatts of energy saved. In addition, through Austin’s new disclosure ordinance, a goal of 25 % participation in the Home Performance with ENERGY STAR program within 24 months of the time of sale has been added through an Austin City Council initiative.

### **PROGRAM DESIGN CHANGES FOR 2010**

Changes made in 2010 are designed to improve the quality and integrity of the program. The *Austin Energy Contractor’s Manual* now requires that participating companies, with the exception of the solar shading companies, acquire and maintain a mechanical license. Secondly, the contractor work process now requires that all ductwork be completed and tested before attic insulation is applied. This process is verified at the final inspection through air duct leakage tests. In preparation for a 2011 launch, the Home Performance with ENERGY STAR program is testing a data system that will allow companies, customers and Austin Energy staff to track rebate requests from initiation to completion online. This will allow more accurate estimates of rebates, more direct customer interaction, and better internal budget forecasting, while reducing paperwork and increasing efficiency.

### **MARKETING DESIGN STRATEGY 2010**

The marketing campaign of 2010 shifted focus from promoting sources of incentives to educating homeowners about the value of an energy efficient home and what steps are necessary to make sure the home is efficient. The mention of money was present in the campaign language, but was not the main appeal. This “value” approach was necessitated by the glut of homes on the market that were not selling, as well as the implementation of the City of Austin’s Energy Conservation Audit and Disclosure Ordinance. The primary marketing vehicle was the newspaper 4-color insert which allows ample room for the education component of marketing. All inserts are modified to a handout format, receiving multiple updates as programs change. They are also useful on the Web, as they easily conform to an 8.5 x 11 format for desktop printing. Another primary vehicle was the bill insert, which featured a Home Performance with ENERGY STAR article in 10 months of the 12. Events marketing played a prominent role this year as well. From speeches to tradeshow to major events such as the Renewable Energy World Round Up, the Affordable Comfort Institute conference and the Living Green Expo, Austin Energy has been out in the community. Stimulus grants also figured prominently, with the Texas State Energy Conservation (SECO) appliance rebate campaign in March and the PACE grant forming our Best Offer Ever campaign at year end, where radio and newspaper were heavily used.

#### ***Marketing Collaboration and Cooperation***

**Texas Gas Service:** A partnership with Texas Gas Service, the sole provider of natural gas in the Austin area (who also offers rebates for attic insulation, duct sealing – as well as the furnace), allowed each company to distribute mutually beneficial cooperative advertising pieces. A streamlined rebate approval process between Texas Gas and Austin Energy allowed only one rebate application to be filled out to receive rebates from both companies. In addition, Austin Energy and Texas Gas frequently work together on a winter insert in the newspaper.

**Other City Departments:** For Earth Day, Austin Energy brought all of the City’s environmental programs together at the Green Living Festival. Austin Energy incorporates a cooperative approach because it is more customer-friendly than marketing in a “silo” by program or departmental criteria. Austin Energy continues to provide broad-based customer friendly information about all types of

environmental programs available to customers. Consequently, they are more likely to keep the handout around as a handy reference.

**The bank:** Velocity Credit Union, exclusive lender for Austin Energy's Home Performance with ENERGY STAR program, promoted the Home Performance with ENERGY STAR program through its billboards and its Web site.

**Participating Companies:** Many of the participating companies promote Austin Energy's Home Performance with ENERGY STAR program, with two of our companies running exceptional promotions with steady messaging year round through radio, television and newspaper, adding to the mediums in which Austin Energy can reach customers. Cross promotion also occurred between Austin Energy and participating companies, though Austin Energy did not directly promote any specific companies through names or logos on advertisements this year. A monthly list of participating companies is circulated on our Web site and in our information packets.

### **Market Barriers**

The single, most difficult market barrier has always been the final cost to the customer. In the recession, that final cost barrier was even more significant. In past campaigns, the marketing strategy was to sell the program as a high-end, quality of life program. This year, the focus was more about investing in the value of your home. If Austin Energy could prove a higher price sale because a home is more energy-efficient, it would have helped us greatly with this campaign. Lacking that type of information, we highlighted the help available to customers to pay for the improvements, including the federal tax credits, the rebates and the energy savings. Austin Energy's presence in the more affluent markets gave way to an educational strategy and a grassroots distribution of materials

The second market barrier is the process required by Austin Energy to pay out a rebate. Due to quality control standards, it is a complicated process to make sure the customer needs the work done, and to ensure that the work is done right. The saving solution is that Austin Energy works constantly to improve the relationship with the participating companies. This year, Austin Energy began a pilot program to address this issue with an online tracking solution. The goal is to help participating companies to bring customers through the process as painlessly as possible by eliminating paperwork and interpreting the program for customers.

The third barrier is up selling all identified measures to the customer when they have just one improvement in mind. This year was exceptional, with even more customers electing to perform all four measures, and choosing more efficient ones – such as the 16 SEER air conditioners and heat pumps.

### **Market Effects**

In 2010, the Home Performance with ENERGY STAR® rebate program exceeded all other recorded years. Combined participation in the rebate and loan program was 3,050 homes. This exceeded the 2009 number by 14 percent and the goal by 17 percent. It is interesting to note that participation in this program is twice as high as it was only three years ago.

The 2010 Home Performance with ENERGY STAR program, through rebates and loans, has saved approximately 5,808 MWh and 5.3 MW – enough energy to power 514 average Austin residences for a year. This megawatt savings exceeded the 2009 number by 21 percent and the annual goal by 25 percent - resulting in the prevention of 3,488 tons of carbon dioxide from being admitted into the atmosphere each year.

Almost 1,600 homes completed three or more measures (of the basic four recommended) this year – an increase of 170 homes over last year, comprising 52 percent of all participants in the program.